

1 that were unfortunately part of the early adoption
2 product experience for ODL.

3 Q. Did Ripple pay its ODL customers per
4 transaction payments for using ODL?

5 MR. HECKER: Objection to form.

6 A. I don't know for certain.

7 Q. And in addition to paying the ODL
8 customers the -- the payments you just described,
9 Ripple would also pay the receiving country
10 exchanges to list XRP so that there could be an
11 XRP receiving fiat transaction?

12 MR. HECKER: Objection to form;
13 foundation.

14 A. Can you repeat the question, please?

15 Q. So in order for ODL to work historically
16 before Wallet Send [sic], Ripple needed to have
17 XRP listed on receiving country exchanges?

18 A. To be clear, I don't believe that had
19 anything to do with Wallet Send.

20 Q. The Wallet Receive, I'm sorry.

21 A. That is -- do you mind just restating
22 the question?

23 Q. Yeah.

24 Before Ripple implemented Wallet
25 Receive, ODL needed XRP to be listed on receiving

1 country exchanges?

2 A. To be part of the Ripple ODL experience
3 where customers wanted to send money into a
4 destination, before Wallet Receive, we needed a
5 receiving or destination country exchange that
6 would provide liquidity between XRP and the local
7 or destination fiat currency.

8 Q. And Ripple paid those receiving country
9 exchanges to list XRP?

10 MS. ZORNBERG: Objection; assumes
11 facts.

12 A. Not to my knowledge.

13 Q. Did Ripple offer any incentives to the
14 receiving country exchanges to list XRP?

15 A. Not to my knowledge.

16 Q. Ripple made payments to market makers to
17 provide liquidity on the receiving country
18 exchanges, right?

19 A. For -- for exchanges that were part of
20 the ODL experience, especially in destination
21 exchanges where there wasn't sufficient liquidity,
22 and to process a customer's payment, I do believe
23 there were times where we leveraged contracted
24 market makers or liquidity providers to provide
25 that liquidity at those destination exchanges.

1 Q. And for the receiving country exchanges,
2 does Ripple place restrictions on who can purchase
3 the XRP with the receiving country fiat currency?

4 MS. ZORNBERG: Object to form.

5 A. I'm not sure I understand the question.
6 Do you mind rephrasing?

7 Q. Okay. So the Step 2 process or the last
8 step of the ODL transaction is XRP gets converted
9 to fiat currency on a receiving country exchange,
10 right?

11 A. In the earlier version, yes, of the
12 product, yes, that's correct.

13 Q. Still does, right?

14 A. We mentioned the exception. I'm not
15 sure if there's a Wallet Receive available in
16 certain destinations, but outside of that, I
17 believe that is correct.

18 Q. Does Ripple place restrictions on what
19 the people buying XRP on the receiving country
20 exchanges can do with the XRP they buy?

21 MS. ZORNBERG: Object to form.

22 A. I don't know for certain, but to my
23 knowledge, if the flow is going from origination
24 exchange to destination exchange, it's the other
25 way around. So I believe it's -- I think you put

1 it as buying XRP. I believe the deficit is
2 selling XRP. So there is selling XRP and buying
3 peso, for example, is the -- is the flow.

4 Q. Right.

5 But in order to -- for the -- the
6 recipient of the ODL transaction to get pesos,
7 the -- someone needs to buy XRP and pay for it
8 using pesos on -- on a Mexican exchange, right?

9 MS. ZORNBERG: Objection.

10 A. I believe it's the other way around. So
11 the XRP is bought, sourced on the sending exchange
12 or through Wallet Send sent to the destination
13 exchange. And at the destination exchange,
14 it's -- it's a one-way flow. So it's -- there's a
15 deficit the other way. So it's sold -- XRP is
16 sold for pesos.

17 Q. Okay. And --

18 A. So you need to source pesos, not the
19 other way around.

20 Q. Right. So whoever is buying the XRP
21 with pesos on the destination exchange --

22 A. Okay.

23 MS. ZORNBERG: Objection.

24 Q. Do you understand that?

25 MS. ZORNBERG: Objection.

1 A. I might --

2 MS. ZORNBERG: All right. You
3 should finish the question.

4 Q. Okay. So in order for the money
5 transmitter to get its pesos, right, it's got to
6 sell its XRP to someone buying the XRP with pesos
7 on a Mexican digital asset exchange, right?

8 MS. ZORNBERG: Object to form.

9 A. There's an order book that -- I believe
10 you're asking if there's an order book between XRP
11 and pesos. And that's correct, yes.

12 Q. So whoever ultimately ends up with the
13 XRP that's sent over from the United States, does
14 Ripple place any restrictions on what that
15 ultimate purchaser of XRP can do with the XRP they
16 buy?

17 MS. ZORNBERG: You mean some
18 unknown person in a secondary market?

19 MR. HANAUER: Correct.

20 A. To my knowledge, no.

21 Q. Would it be more expensive for ODL users
22 to transmit money using ODL if Ripple did not
23 provide incentives?

24 MS. ZORNBERG: Objection to form.

25 A. Do you mind repeating the question?

1 Q. So we talked about the incentives Ripple
2 provides its ODL customers, right?

3 A. That's correct.

4 Q. Would it be more expensive for the ODL
5 customers to transmit currency without those
6 incentives?

7 MS. ZORNBERG: Objection to form.

8 A. To my knowledge and recollection, I
9 mentioned that there are times where, let's just
10 use the FX Reuters rate, where there's -- you
11 know, you're above -- the ODL cost is a positive.
12 And in those cases and if the customer was able to
13 obtain wholesale rates, and that is depending on
14 the customer type and the size, and if -- and
15 their cost to capital was -- was low because the
16 traditional system often works on something called
17 a good funds model where you have to pre-position
18 not only sending currency, but often pre-position
19 destination currency. And in that case, if -- if
20 those costs were negligible and you added up all
21 those costs and the product experience wasn't a
22 big issue for them to wait the time needed by the
23 traditional system, there could be cases where the
24 overall cost was more expensive than the ODL cost.

25 But in a lot of the cases with their

1 customers, they're smaller providers, in FinTechs
2 or MTOs. And a lot of the incumbent banking
3 system don't want to bank and process payments for
4 those smaller customers, especially remittances
5 into places like Mexico and the Philippines, for
6 example.

7 They also have a high cost to capital
8 often, as I've learned, greater than 20 percent
9 because they are venture capital funded, as many
10 FinTechs are.

11 And so leveraging a product like ODL
12 helps them more efficiently use working capital.
13 And -- and a combination of the features I
14 mentioned, and we've been developing new features
15 as we get product feedback, have made the product
16 attractive to customers.

17 However, we are still working on working
18 out some of the kinks in the product experience
19 issues that I had mentioned earlier as well.

20 For example, we still have downtime at
21 receiving exchanges, roughly 4 to 6 percent
22 downtime. And until we have the features like
23 Wallet Receive, we're not able to offer them the
24 experience they need that -- I talked about 10x
25 better experience. That gets them to that 10x

1 better experience.

2 Q. So does Ripple have any ODL customers
3 that don't receive incentives?

4 A. I don't know for certain.

5 Q. Can you name one?

6 A. I don't know for certain.

7 Q. Are you able to name an ODL customer
8 that does not receive incentives from Ripple?

9 A. I don't know for certain if there are
10 any customers that don't receive an incentive or a
11 rebate.

12 Q. Did Ripple ever publicly disclose the
13 incentives it paid related to ODL?

14 A. I don't know for certain.

15 Q. Would ODL work if the price of XRP was
16 zero?

17 MR. HECKER: Objection to form.

18 A. So I had mentioned earlier on that we
19 tried other digital assets. Now the question is,
20 you know, could we use another digital asset
21 instead of XRP to facilitate a cross-border
22 payment -- payment? We -- in our experiments, the
23 cost and the transaction fees of moving money
24 across other blockchains and the speed wasn't
25 as -- as -- as proficient as -- as XRP.

1 So while it's technically feasible to
2 swap out XRP for another digital asset -- because
3 what you're referring to by XRP going to zero
4 would likely mean liquidity is -- unless I'm
5 missing something -- would also be zero. You
6 would need to move to another digital asset.

7 And now the question is would we be able
8 to find customers that would be willing to pay the
9 additional fees and be okay with the -- the time
10 frame for which a payment settled using other
11 technologies? I don't know.

12 Q. Would ODL work with -- using XRP if the
13 price of XRP was zero?

14 MS. ZORNBERG: Objection; asked
15 and answered.

16 A. I believe my answer would be the -- the
17 same in that I'm not a hundred percent sure, but I
18 can only speculate that if the price was zero,
19 liquidity would be zero. And if liquidity was
20 zero -- and then I mentioned early on that if you
21 need to move a million dollars on behalf of
22 customers, you need at least \$1 million of
23 liquidity. And \$1 million at a price of zero is
24 zero.

25 So I might be missing something, but I

1 believe that it would be difficult because there
2 wouldn't be sufficient liquidity to provide the
3 experience we need for our customers.

4 Q. And if Ripple decided to use another
5 digital asset as a bridge currency for ODL, would
6 Ripple generate any revenues from ODL?

7 MS. ZORNBERG: Objection;
8 speculative and portions already addressed
9 in his prior answers.

10 A. I mentioned that it's tough to
11 understand. I have not -- I have not gone to our
12 customers and asked them if they would be okay
13 with experience trade-offs by leveraging another
14 technology given that in our tests, it showed that
15 they were more costly and slower.

16 So to answer that question, I would need
17 to do some customer research.

18 Q. Well, you said that Ripple generates its
19 revenues related to the ODL program by selling
20 XRP, right?

21 MS. ZORNBERG: Objection.

22 A. So what I -- I believe I -- what I
23 believe I said, and to my recollection, was that
24 there are a few different revenue opportunities
25 that we are finding with -- with the ODL product.

1 One being, in conjunction with Wallet Send, the
2 ability to sell XRP for use in the product ODL
3 directly to customers.

4 The second being -- given the feedback
5 we heard and a problem that we heard from our
6 customers is that their cost to capital is very
7 high given that a lot of them are venture capital
8 backed or margin-thin businesses -- a line of
9 credit was another option.

10 And then the third option, as the
11 cryptocurrency markets have matured and the depth
12 of liquidity has improved, that is often
13 correlated with better FX rates. And in certain
14 corridors and at certain time periods had
15 mentioned that there's a Reuters FX rate, and at
16 certain times, the cost was -- for using ODL was
17 below the Reuters FX rate, that would hint towards
18 the ability for Ripple to generate top-line
19 revenue in those circumstances.

20 Q. If ODL stops using XRP and instead uses
21 another bridge currency, could Ripple generate
22 revenues through the Wallet Send program?

23 MS. ZORNBERG: Objection;
24 speculative and asked and answered.

25 A. I would have to think through -- I don't

1 know for certain. I'd have to think through the
2 mechanics of how that would work and, again, also
3 factor in, like, the experience trade-offs and get
4 input from our customers to understand if that was
5 something they would pay for.

6 So starting with another digital asset
7 or another sort of instrument would be something
8 that I'd have to research and investigate and --
9 and get back to you.

10 MR. HANAUER: All right. Why
11 don't we take a break.

12 THE VIDEOGRAPHER: The time on
13 the video monitor is now 5:23 p.m. This
14 is the end of Media Unit Number 5. We are
15 off the video record.

16 (Whereupon, a recess is taken.)

17 THE VIDEOGRAPHER: The time on
18 the video monitor is now 5:37 p.m. This
19 is the start of Media Unit Number 6. We
20 are back on the video record.

21 BY MR. HANAUER:

22 Q. Was MoneyGram the first large-scale user
23 of ODL?

24 MS. ZORNBERG: Object to form.

25 MR. HECKER: Yeah.

1 A. Do you -- do you mind defining "large
2 scale"?

3 Q. Was MoneyGram the first user of ODL that
4 generated the volume of XRP transactions that
5 Ripple was targeting?

6 MS. ZORNBERG: Object to form.

7 A. Do you mind rephrasing the question?

8 Q. MoneyGram started using ODL sometime
9 after June 2019?

10 A. I don't recall the specific dates, but
11 around that time frame seems directionally
12 correct.

13 Q. And by January 2020, MoneyGram was
14 generating approximately 90 percent of ODL volume?

15 MS. ZORNBERG: Object to form.

16 A. I believe that to be true at least for
17 the U.S. dollar to Mexican corridor.

18 Q. And during what period was MoneyGram
19 Ripple's largest ODL customer by volume?

20 A. I don't know the specifics. Yeah, I
21 don't recall the specifics.

22 Q. When did MoneyGram stop being Ripple's
23 largest ODL customer?

24 A. Sometime -- I don't recall the
25 specifics, the specific dates, but I believe it

1 was sometime around early 2021.

2 Q. And before early 2021, MoneyGram
3 generated the largest volume of XRP transactions
4 among ODL customers?

5 A. Do you mind repeating the question,
6 please?

7 Q. Yeah.

8 Prior to early 2021, did MoneyGram
9 generate the largest volume of XRP transactions
10 among ODL customers?

11 A. Is there a specific time period?

12 Q. Ending in early 2021, when you said
13 MoneyGram stopped being the largest ODL customer,
14 going back to the time MoneyGram became an ODL
15 customer.

16 A. And do you mind repeating the second
17 part of the question?

18 Q. During the time MoneyGram was an ODL
19 customer, did MoneyGram generate the largest
20 volume of XRP transactions among Ripple's ODL
21 customers?

22 A. So to my knowledge, there was a ramp-up
23 period for MoneyGram. And at some point post the
24 ramp-up period, to my knowledge I believe
25 MoneyGram by volume was the largest ODL customer.

1 Q. Did Ripple make a \$50 million investment
2 in MoneyGram?

3 A. I don't know the specific dollar amount,
4 but I do believe Ripple was an owner of a portion
5 of MoneyGram company stock.

6 Q. Did Ripple agree to reimburse MoneyGram
7 on ODL transactions so that MoneyGram would be
8 within [REDACTED] basis points of the prevailing spot FX
9 exchange rate?

10 A. I don't know for -- for certain on the
11 exact mechanics, but I do believe that it was
12 important for MoneyGram, given the -- the size of
13 their customers and their access to wholesale FX
14 rates as determined by FX Reuters, that they
15 achieved something close to what they were getting
16 from FX Reuters or their traditional services even
17 though they -- even when they used ODL/xRapid.
18 And to the extent that there was a delta between
19 what ODL provided and what their incumbent rates
20 were, I do believe Ripple made MGI whole.

21 Q. And when Ripple made MoneyGram whole,
22 did Ripple do so using XRP or some sort of fiat
23 currency?

24 A. I don't know for certain. I do remember
25 there was a debate around that. I don't know if

1 during time periods, if that shifted between XRP
2 and U.S. dollars.

3 Q. Did the make-whole payments that Ripple
4 made to MoneyGram exceed [REDACTED] in 2020?

5 A. I don't know for certain if the delta
6 between the Reuters rate or the incumbent rate and
7 what ODL provided them exceeded the amount you
8 suggested in 2020.

9 Q. Did Ripple agree to pay MoneyGram
10 transaction fees on each ODL transaction that
11 MoneyGram performed?

12 A. I do not recall transaction fee payments
13 or reimbursements.

14 Q. Did Ripple agree to pay MoneyGram
15 performance bonuses if MoneyGram exceeded certain
16 volume thresholds on ODL?

17 A. I do not know for certain, but I do
18 believe that there were some reimbursement
19 payments to MoneyGram for hitting certain
20 milestones and I believe they were to cover
21 development costs associated with implementing the
22 ODL product.

23 Q. If not for the payments that Ripple made
24 to MoneyGram, would it have been more expensive
25 for MoneyGram to transmit money using ODL than

1 traditional payment rails?

2 MS. ZORNBERG: Object to form.

3 You can answer.

4 A. I was -- to my knowledge and
5 recollection, I wasn't privy to the MoneyGram
6 financials to understand in what corridors and all
7 the costs associated the transacting into those
8 corridors were to determine if one would have been
9 more expensive compared to another.

10 Q. Did Ripple ever sell XRP to MoneyGram
11 for use in ODL?

12 A. I don't know for certain, but I do
13 believe in early 2021, we had proposed that option
14 to -- to MoneyGram.

15 Q. And MoneyGram said no?

16 A. I don't know for certain if they said
17 no, but there were two to three proposals in terms
18 of moving to next steps with MoneyGram. But at
19 that point, they determined to cancel the -- the
20 engagement with Ripple.

21 Q. So MoneyGram canceled its engagement
22 with Ripple before Ripple began selling XRP to
23 MoneyGram for use in ODL?

24 A. I don't know for certain, but I believe
25 that to be true.

1 Q. Did MoneyGram ever request to Ripple
2 that MoneyGram be allowed to use XRP it received
3 as incentives for use in ODL?

4 A. Do you mind repeating the question,
5 please?

6 Q. So some of the -- did you understand
7 that some of the incentives that MoneyGram
8 received from Ripple were paid in XRP as opposed
9 to fiat?

10 A. I do believe that to my knowledge, but I
11 can't be for certain that some was paid in XRP.

12 Q. And did MoneyGram ever request to Ripple
13 that MoneyGram use the XRP it received as
14 incentive payments in an ODL transaction?

15 A. I don't know for certain, but I do
16 believe they asked.

17 Q. And did Ripple allow this?

18 A. I don't know for certain.

19 Q. Did other ODL users ever request of
20 Ripple that they could use the XRP they received
21 as incentives for use in ODL?

22 A. I do not recall. Additionally, it would
23 be a product change to enable that kind of
24 feature.

25 Q. Do --

1 A. So I don't know if it was proposed,
2 however, to my recollection, I -- I don't
3 remember.

4 Q. Did Ripple ever enable that product
5 change to allow its ODL users to use their XRP
6 incentive payments for use in the ODL money
7 transfer process?

8 A. I don't believe so, no.

9 Q. Why not?

10 A. I don't know for certain, but MoneyGram
11 had -- in the case of MoneyGram at least, they had
12 implemented the version of ODL where they are
13 integrated at the sending exchange. From my
14 recollection, they were hesitant to directly
15 custody XRP for a payment flow. To enable them to
16 send -- use the incentive XRP payments to send
17 payments, they would need to reconfigure their
18 implementation and implement a different product
19 architecture. And I don't remember how far those
20 discussions got with the -- at least in the case
21 of MoneyGram.

22 Q. Did an ODL customer named [REDACTED]
23 ever request to use their XRP incentive payments
24 for use in ODL?

25 A. I don't recall.

1 Q. Did any ODL customer that used the
2 Wallet Send feature ever request to use their XRP
3 incentive payments for use in ODL?

4 A. I can't recall.

5 (Whereupon, exhibit is presented
6 and marked SEC Birla Exhibit AB-46 for
7 identification.)

8 MR. TENREIRO: Forty-six.

9 MR. HANAUER: I'm tendering the
10 witness an exhibit that's been marked --
11 or a document that's been marked as
12 Exhibit AB-46.

13 BY MR. HANAUER:

14 Q. And on Exhibit 46, that is you
15 responding on Twitter to a tweet CoinDesk made on
16 February 25th, 2020?

17 A. Yes, I believe that to be true.

18 Q. And CoinDesk is tweeting that MoneyGram
19 received over \$11 million from Ripple in the past
20 year?

21 A. I believe it says past half year in the
22 tweet.

23 Q. Thank you.

24 And you -- you start your Twitter post
25 responding to that with "Always with the

1 hysteria."

2 What are you referring to there?

3 A. I don't know for certain, but I believe
4 this particular tweet was drafted by the internal
5 comms team.

6 Q. Ripple's internal comms team?

7 A. Yes, I believe so.

8 Q. But you were the one that posted this
9 tweet?

10 A. Yes, that is -- I believe that to be
11 true.

12 Q. And you wrote "Ripple and MGI are
13 strategic partners - we are building a new
14 infrastructure together. This market development
15 requires a ton of work, effort, and resources"?

16 MS. ZORNBERG: Object to form on
17 "you wrote." He just said he didn't write
18 it, but he said he posted it.

19 Q. You posted those words?

20 A. Yes, it appears that I posted those
21 words on my Twitter account.

22 Q. And when you posted that "This market
23 development requires a ton of work, effort, and
24 resources," you were referring to work, effort,
25 and resources by Ripple?

1 A. I don't believe so. I believe that it's
2 a bit ambiguous. And given it says "together" in
3 the preceding sentence, I believe it's referring
4 to both Ripple and MoneyGram.

5 Q. It took a lot of work for your team to
6 develop ODL, right?

7 A. Yes. Developing product to deliver the
8 kind of experience in a -- a nascent industry, an
9 ecosystem like cryptocurrency and blockchain takes
10 a lot of work and effort.

11 Q. And Ripple had to expend a lot of
12 resources to develop an ODL?

13 A. It depends on the definition of "a lot."
14 But there was -- there were a number of product
15 managers and engineering resources working not
16 only on ODL, but given every ODL customer also has
17 to adopt RippleNet, RippleNet as a -- as a whole
18 and given ODL is in the cloud, there's all sorts
19 of operational infrastructure that needs to
20 support both ODL and RippleNet from a cloud
21 infrastructure as well.

22 MS. GRESSEL: And could we just
23 ask that the exhibit be circulated to the
24 attendees?

25 MR. TENREIRO: It should have

1 been.

2 Forty-six. Nicole, did you get
3 that?

4 MS. ZORNBERG: I also think the
5 SEC has about four minutes left on its
6 seven hours.

7 MS. FORBES: I sent 46.

8 MR. HANAUER: I think we have
9 about 17 by my math.

10 MS. ZORNBERG: Maybe I'm off.

11 THE VIDEOGRAPHER: Yes.

12 MS. ZORNBERG: Thank you. Thank
13 you for the correction. Seventeen
14 minutes?

15 THE VIDEOGRAPHER: Seventeen,
16 yes. It was --

17 MS. ZORNBERG: Okay.

18 THE VIDEOGRAPHER: -- 6:20 at the
19 last one.

20 BY MR. HANAUER:

21 Q. So after Ripple ended its relationship
22 with MoneyGram, who became Ripple's largest ODL
23 customer?

24 A. Among the top I believe are [REDACTED]

25 [REDACTED] and potentially [REDACTED] and [REDACTED]

1 Q. And do all those customers receive
2 incentives from Ripple?

3 A. I do not know -- know for certain if
4 [REDACTED] receives incentives or not.

5 Q. [REDACTED] does.

6 A. From my recollection, I don't know for
7 certain, but I believe that [REDACTED] receives
8 incentives.

9 Q. [REDACTED]? Does [REDACTED] receive incentives
10 from Ripple?

11 A. [REDACTED] is an ODL customer. [REDACTED] is a
12 RippleNet customer. [REDACTED] uses RippleNet without
13 ODL into certain jurisdictions. It is unclear to
14 me, and I don't know for certain, which corridors
15 receive incentives from Ripple to support their
16 products.

17 Q. Does [REDACTED] receive incentives for using
18 ODL?

19 A. I -- I don't know for certain, but I
20 believe when there is a discrepancy between the
21 quoted FX rate reported by Reuters and agreed to
22 in the contract and what is delivered by ODL, I do
23 believe we make them whole, but I don't know for
24 certain.

25 Q. [REDACTED] participates in the Wallet

1 Send program?

2 A. Again, I don't know for certain, but I
3 believe that [REDACTED] is implementing RippleNet
4 with ODL -- or -- or has implemented and is
5 additionally implementing RippleNet with ODL. And
6 I do believe they're also implementing RippleNet
7 without ODL.

8 In at least one of the corridors that
9 [REDACTED] is implementing RippleNet with ODL,
10 they're leveraging Wallet Send capabilities.

11 Q. So that means [REDACTED] is buying XRP
12 from Ripple for use in ODL?

13 A. In -- I don't know for certain, but I
14 believe that in the corridors that they're
15 leveraging ODL for and using Wallet Send, they are
16 purchasing XRP from -- from Ripple.

17 Q. And when [REDACTED] purchases XRP from
18 Ripple, it purchases XRP at a discounted price?

19 A. I don't know for certain, but I don't
20 believe so.

21 Q. Does the XRP that [REDACTED] purchases
22 from Ripple, does that eventually go into the
23 market?

24 MR. HECKER: Objection to form.

25 A. Can you restate the question, please?

1 Q. So eventually the XRP that [REDACTED]
2 purchases from Ripple is converted to fiat
3 currency in a receiving jurisdiction?

4 A. When for use by the ODL product, I
5 believe that to be true, yes.

6 Q. And when [REDACTED] uses the XRP it
7 purchases from Ripple on ODL, are there any
8 restrictions on who [REDACTED] can sell that XRP
9 to?

10 A. To my knowledge, the -- the way that the
11 ODL product works is that it leverages destination
12 exchanges to sell the XRP for fiat currency. And
13 to my knowledge, I do not believe Ripple puts on
14 restrictions.

15 Q. When did Ripple start loaning XRP for
16 use in ODL?

17 A. I don't know for certain, but sometime
18 after 2019, I believe.

19 Q. What percentage of Ripple's ODL -- what
20 percentage of ODL volume comes from XRP loans as
21 opposed to Wallet Send?

22 A. That depends on the time frame. So I'm
23 unclear on how that mix changes over different
24 time periods.

25 Q. When Ripple loans XRP for use in ODL,

1 does Ripple get repaid in cash or XRP -- in -- in
2 U.S. dollars or XRP?

3 A. I believe there are various options
4 available to customers to repay the loan, whether
5 it be U.S. dollar or wire transfer, you know, U.S.
6 dollar stable coin, and I believe there have been
7 product discussions for the ability to facilitate
8 a repayment in XRP as well. I do not know for
9 certain the percentage that leverage the different
10 options available to them. But I do know there
11 have been product discussions for those three
12 options at least.

13 Q. So it sounds like the initial way the
14 letter of credit program worked is that Ripple
15 would get repaid in fiat currency?

16 A. To my knowledge, the early version of --
17 of the product and those customers that made use
18 of that product would get paid in U.S. dollars via
19 a wire transfer to the best of my knowledge.

20 Q. Have you ever received a loan from Chris
21 Larsen?

22 A. To my knowledge, yes.

23 Q. How many loans have you received from
24 Chris Larsen?

25 A. To my knowledge, one loan from Chris

1 Larsen.

2 Q. And that was sometime in 2020?

3 A. I believe that's correct.

4 Q. And you borrowed [REDACTED] from
5 Mr. Larsen?

6 A. That is correct.

7 Q. Why'd you borrow that money from him?

8 A. I was -- I've been at the company for --
9 for a long time. I have a family and -- and aging
10 parents and I needed some liquidity. My first
11 option was to potentially sell some Ripple equity.
12 And upon talking to counsel, that wasn't an option
13 for me. And the options were to -- well, to back
14 up, I guess I was -- you know, selling, you know,
15 Ripple equity to a third party wasn't an option to
16 me.

17 And I asked, you know, who would be an
18 option to me and I was advised that --

19 MR. HECKER: I'm going to just
20 caution the witness not to disclose the
21 communications with counsel and just focus
22 on what you did next.

23 A. So that wasn't an option to me. And so
24 I talked to Chris and came up with the -- the --
25 the loan agreement option.

1 Q. And did you ever try going to a
2 commercial lender?

3 MS. ZORNBERG: Object to form.

4 A. I don't know. I'm not familiar with
5 that kind of program.

6 Q. Well, if it wasn't for Mr. Larsen and
7 you wanted to borrow [REDACTED], where could you
8 go to try and obtain that loan?

9 MS. ZORNBERG: Objection.

10 MR. HECKER: Objection to form.

11 A. I don't know of all available options to
12 me given the circumstances.

13 Q. Could you go to a bank and try and get a
14 loan?

15 MR. HECKER: Objection; calls for
16 speculation.

17 A. With -- I guess the question would be
18 with what collateral?

19 Q. Do you own a home?

20 MR. HECKER: Object. Objection.

21 Counsel, you want to move on --

22 MR. TENREIRO: Are you
23 instructing the witness not to answer the
24 question?

25 MR. HECKER: No, I'm suggesting

1 that it's not a particularly good or
2 relevant use of the remaining three or
3 four minutes you've got left.

4 BY MR. HANAUER:

5 Q. Do you own a home?

6 A. At the time I had a condo that was
7 mortgaged.

8 Q. And --

9 A. Or had a mortgage on it.

10 Q. -- did Mr. Larsen give you better terms
11 on the [REDACTED] loan you received from him than
12 you -- than you could have received getting a loan
13 from a bank or a mortgage company?

14 MR. HECKER: Objection to form,
15 foundation; calls for speculation.

16 A. I wasn't aware of -- I don't know if
17 there would be an apples-to-apples comparison. I
18 wasn't aware of financing options available to me
19 that could be collateralized by Ripple equity.

20 Q. And under the terms of the loan you had
21 to repay, the interest was [REDACTED] percent per year?

22 A. I don't know the specifics, but it was
23 in that range to my recollection.

24 Q. Do you still owe Mr. Larsen money?

25 A. I -- I believe so, yes.

1 Q. How much money do you -- what of the
2 loan have you repaid?

3 A. I have -- to my knowledge, I've repaid
4 [REDACTED] the loan.

5 MR. HANAUER: One second.

6 That is all the questions we
7 have. Counsel?

8 MS. ZORNBERG: Thank you. Yes,
9 I'd like to do a short redirect, but
10 perhaps we could just swap -- swap seats?

11 MR. HANAUER: Sure.

12 THE VIDEOGRAPHER: Would you like
13 to sit here?

14 MS. ZORNBERG: Where you're
15 sitting?

16 THE VIDEOGRAPHER: I could set
17 you up here. No?

18 MS. ZORNBERG: I'm happy to do my
19 thing first. Give me -- give me a moment
20 off the record just to --

21 MR. TENREIRO: Let's go off the
22 record.

23 THE VIDEOGRAPHER: The time on
24 the video monitor is 6:15 p.m. This is
25 the end of Media Unit Number 6. Stand by

1 as we go off the video record.

2 (Pause)

3 THE VIDEOGRAPHER: The time on
4 the video monitor is now 6:17 p.m. This
5 is the start of Media Unit Number 7. We
6 are back on the video record.

7 CROSS-EXAMINATION

8 BY MS. ZORNBERG:

9 Q. Mr. Birla, I represent Ripple Labs.
10 Lisa Zornberg. I just have maybe ten minutes of
11 questioning for you.

12 First, you were asked some questions by
13 the SEC about the termination of the partnership
14 between Ripple and MoneyGram.

15 Do you recall that?

16 A. Yes, I do.

17 Q. And I -- I believe you testified that
18 the relationship ended in early 2021, correct?

19 A. I believe that's correct, yeah.

20 Q. That was after the SEC sued Ripple Labs,
21 correct?

22 A. That is correct, yeah.

23 Q. Mr. Birla, why were you drawn to work at
24 Ripple in 2013?

25 A. I had -- upon graduation from undergrad,

1 I -- I -- the internet was starting to -- to
2 blossom. I decided I wanted to be part of that
3 journey. I moved to San Francisco and that was
4 super beneficial to my career. When I went to
5 business school, the financial crisis was
6 happening and I really started learning about a
7 better way to build a financial system and learned
8 about bitcoin and cryptocurrencies and became
9 intrigued with bitcoin and cryptocurrencies.

10 And so I began looking for companies to
11 join and I heard about a few, one being founded by
12 our -- Chris, who I've heard of as a reputable
13 entrepreneur in the FinTechs space. So I jumped
14 at the option of, you know, potentially working
15 with Chris and -- and joining a company that's
16 innovating the blockchain space.

17 MS. ZORNBERG: There's someone
18 who should go on mute, if you don't mind,
19 who's on Zoom. If you could just check
20 everyone to make sure you're muted. Thank
21 you so much.

22 BY MS. ZORNBERG:

23 Q. Mr. Birla, back in 2013 when you joined
24 Ripple, was the XRP ledger already a thing in the
25 world?

1 A. Yes, I believe so.

2 Q. What, if anything, did you perceive
3 about the XRP ledger that made it different as
4 compared to the bitcoin ledger?

5 A. There were a couple of things that were
6 unique to the XRP ledger. With -- with bitcoin,
7 you could only transfer bitcoin on the de --
8 decentralized ledger. What was unique about the
9 XRP ledger is that you could potentially transfer
10 and exchange any kind of asset, whether that be
11 U.S. dollars into Mexican peso or gold or bitcoin
12 or DOGE coin or RMB. I thought that was
13 fascinating that one decentralized ledger enabled
14 you to transfer so many different potentially
15 tokenized assets that would emerge around the
16 world, even some that we may not have ever dreamt
17 up in 2013.

18 And I was intrigued by that technology
19 and the speed of that technology. I also was
20 concerned about bitcoin's energy usage and the
21 green nature of the XRP ledger that leveraged a
22 unique consensus mechanism appealed to me as well.

23 Q. Now, XRP is the native token to the XRP
24 ledger, is that right?

25 A. That's correct.

1 Q. For how long has XRP and the ledger had
2 utility as a mechanism for cross-border payments?

3 A. Very early on in my tenure, and probably
4 predating me at Ripple, there was applications
5 known as Ripple -- sorry, Ripple Trade. And, you
6 know, a precursor to that would be the XRP ledger
7 client that enabled anyone to transfer an exchange
8 and pay for things using XRP and other digital
9 assets and exchange them in an efficient manner.

10 Q. So has XRP had utility for cross-border
11 transfers inherently, like since inception?

12 MR. HANAUER: Objection; leading.

13 A. The nature of the decentralized exchange
14 inside of the XRP ledger had a feature called auto
15 bridging that would help trade illiquid assets.
16 And that leveraged XRP to make those trades and
17 those order books, called synthetic order books,
18 come together in a really novel and efficient way.

19 So there was something called auto
20 bridging and pathfinding that leveraged XRP early
21 on for exchanging different assets, whether that
22 be for cross-border payments or potentially buying
23 gold or, you know, buying bitcoin or spending your
24 currency using something that we developed called
25 the Ripple Card at a -- at a cafe or a coffee

1 shop.

2 Q. Back in 2013 when you joined Ripple, how
3 would you describe the state of the blockchain
4 community?

5 MR. HANAUER: Objection; form.

6 MS. ZORNBERG: Well, I -- I can
7 rephrase.

8 Q. I mean, how would you -- back in 2013,
9 when you joined Ripple, was there a crypto
10 industry?

11 MR. HANAUER: Objection; form.

12 A. The crypto community and industry in
13 2013 was very nascent and a small, close-knit
14 community where I knew a lot of the people in the
15 community, you know, working on -- on changing the
16 financial world.

17 Q. Which came first, XRP or ether?

18 A. XRP came before ether.

19 Q. Okay. I'm going to -- I'd like now to
20 turn to ask you some questions about a number of
21 Ripple products. A number of them you've
22 testified about in passing in response to, you
23 know, questions asked earlier today by the SEC.

24 Let's -- let's start, first of all,
25 with in 2013 and '14, did -- did your team work

1 with [REDACTED] and [REDACTED] on a project?

2 MR. HANAUER: Objection; leading.

3 A. Yes. My team worked with a company
4 known as [REDACTED] and another company known as
5 [REDACTED]

6 Q. What was that -- did that project have a
7 name, if you know?

8 A. It was an early version of -- of ODL or
9 xRapid. Early version of something called RPP.
10 But the idea was to make it easier to facilitate
11 cross-border payments.

12 Q. And can you describe what that project
13 was about?

14 A. So the way that the XRP ledger works is
15 that you combined what are known as, like, Lego
16 blocks and these Lego blocks could be part of,
17 like -- you know, remixed into different use cases
18 that leveraged the XRP ledger. So [REDACTED] was
19 one part of the Lego block that enabled customers
20 to have U.S. dollars represented as a stable coin
21 or token on the XRP ledger.

22 And [REDACTED] was a company that enabled
23 you to take in U.S. dollars at retail locations.
24 Typically these retail locations were at
25 immigrant-centric grocery stores in local

1 neighborhoods. And so the idea was that you could
2 deposit U.S. dollars at a local convenience store
3 in your local neighborhood and then it would be
4 represented in the back end as a stable coin on
5 the XRP ledger and then could be converted into a
6 destination currency such as pesos.

7 So the experience to the customer is
8 that they could instantly deposit U.S. dollars at
9 any of the [REDACTED] -- sorry, any of the [REDACTED]
10 locations and then using the interface convert it
11 and send it into Mexico in a matter of seconds.

12 Q. What went into getting that experience
13 right?

14 A. We had to, you know, create SDKs,
15 software development kits, to make it easier for
16 customers to issue assets on the XRP ledger. We
17 had to help customers understand blockchain way
18 back in 2013 and 2014 and some of the benefits.

19 We did focus groups in local immigrant
20 communities such as the Mission District of San
21 Francisco, which is a -- a thriving neighborhood
22 with different constituents that emigrated from
23 different countries. And we showed them the
24 product experience to get their feedback and what
25 they liked about the product and what they didn't